

Disciplinary and Other FINRA Actions

Firm Fined, Individual Sanctioned

Aura Financial Services, Inc. (CRD #42822, Birmingham, Alabama) and Timothy Michael Gautney (CRD #2552149, Registered Principal, Hoover, Alabama) submitted an Offer of Settlement in which the firm was ordered to pay \$100,000, plus interest, in restitution to public customers. Satisfactory proof of payment of the restitution amounts or of reasonable and documented efforts undertaken to effect restitution shall be provided to FINRA no later than 15 days following each payment.

Without admitting or denying the allegations, the firm and Gautney consented to the described sanctions and to the entry of findings that the firm, acting through registered representatives, recommended and effected the purchase of limited partnership interests in hedge funds without having reasonable grounds for believing that the recommendations and resultant transactions were suitable for the customers. The findings stated that the firm, acting through Gautney, failed to reasonably supervise the sale of hedge fund investments by the representatives and failed to perform due diligence on the hedge funds or have any method for principal review of customer hedge fund purchases. The findings also stated that the firm had no documentation confirming that each registered representative had attended an annual compliance meeting or participated in a phone call to satisfy the requirements of an annual meeting. The findings also included that the firm failed to accurately report municipal securities transactions to the Municipal Securities Rulemaking Board (MSRB).

FINRA found that the firm failed to report through the Automated Transaction Commission Reporting Service any last sale reports or non-tape, non-clearing reports for its “riskless” principal transactions in NASDAQ securities because it failed to activate its Market Participation Identifying symbol (MPID) and verify that its trades had been reported. FINRA also found that the firm executed Trade Reporting and Compliance Engine (TRACE)-eligible securities transactions and incorrectly characterized them as principal transactions; failed to timely report written customer complaints to FINRA; engaged in a securities business

Reported for December 2008

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).



Financial Industry Regulatory Authority

while failing to maintain a minimum net capital, causing a Financial and Operational Combined Uniform Single (FOCUS) Part IIA Report and its books and records to be inaccurate; and, acting through its Financial and Operations Principal (FINOP), engaged in a securities business without establishing a reserve bank account or qualifying for an exemption.

The suspension is in effect from November 17, 2008, through December 30, 2008. **(FINRA Case #E052005000702)**

James I. Black & Company (CRD #1249, Lakeland, Florida) and Jess Gove Tucker III (CRD #450126, Registered Principal, Lakeland, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$70,000, jointly and severally with Tucker. Tucker was suspended from association with any FINRA member in any principal capacity for three months. Without admitting or denying the findings, the firm and Tucker consented to the described sanctions and to the entry of findings that the firm, acting through Tucker, failed to retain the firm's instant messages, failed to issue margin calls with regard to security transactions, failed to obtain payment by the Regulation T date, failed to obtain Regulation T extension requests and to impose a 90-day freeze on customer cash accounts, allowing them to effect securities purchases. The findings stated that the firm, acting through Tucker, failed to provide written notification to customers of the amount of any remuneration the firm received, or was to receive, in connection with transactions involving shares of investment companies, and failed to ensure that for each account to which credit had been extended, that the account received a written statement disclosing interest period and annual interest rate(s) information.

The findings also stated that the firm, acting through Tucker, failed to ensure that customers, whose accounts held debit balances as a result of prior purchases of securities on margin, had a signed agreement on file with the firm, and failed to ensure that customer new account forms contained pertinent information. The findings also included that the firm, acting through Tucker, failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure compliance with SEC and FINRA rules.

The suspension is in effect from November 3, 2008, through February 2, 2009. **(FINRA Case #2006003702701)**

Firm and Individuals Fined

Private Consulting Group, Inc (CRD #45053, Portland, Oregon), David Carl Hock (CRD #2246268, Registered Principal, Lake Oswego, Oregon) and Robert Lee Keys (CRD #720689, Registered Principal, Portland, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which the firm, Hock and Keys were censured and fined \$20,000, jointly and severally. Without admitting or denying the findings, the firm, Hock and Keys consented to the described sanctions and to the entry of findings that the firm, acting under the direction and control of Hock and Keys, received investor funds in connection with a contingency offering of general partnership units and failed to transmit the funds to a bank escrow account pending satisfaction of the contingency. The findings stated that the funds were forwarded to the issuer, which placed the funds in a segregated, non-escrow bank account in its own name. The findings also stated that the firm, acting under Hock's and Keys' direction and control, failed to establish, maintain and enforce written procedures reasonably designed to ensure compliance with SEC Rule 15c2-4. **(FINRA Case #2007007407201)**

Firms Fined

Avalon Partners, Inc. (CRD #41357, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to develop and implement policies and procedures reasonably designed to detect and cause reporting of suspicious transactions, and to achieve compliance with the Bank Secrecy Act and the implementing regulations promulgated thereunder by the Department of the Treasury. The findings stated that the firm failed to maintain the required minimum capital while conducting a securities business. The findings also stated that the firm failed to report, and timely report, statistical and summary information for customer complaints through the NASD Rule 3070 reporting system. **(FINRA Case #2006003682401)**

Bernard Herold & Co., Inc. (CRD #6193, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$24,000 and required to revise its supervisory procedures regarding order handling; Order Audit Trail System (OATS); short sales; supervisory system, procedures and qualifications; transaction reporting; and best execution. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit required information to OATS, and transmitted reports to OATS that contained inaccurate timestamps and omitted account type codes. The findings stated that the firm failed to report to the NASDAQ Market Center (NMC) and the Over-The-Counter (OTC) Reporting Facility the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in eligible securities and reportable securities. The findings also stated that the firm made reports available on its routing of non-directed orders in covered securities that included incorrect information as to the identity of the routed venue and that there was a payment for order flow when no such payments were made. The findings also included that the

firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA rules addressing minimum requirements for adequate written supervisory procedures in order handling; OATS; short sales; supervisory system, procedures and qualifications; transaction reporting; and best execution. (FINRA Case #2006005115301)

Biltmore International Corporation (CRD #21163, Edison, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$12,500 and required to revise its supervisory procedures regarding order handling; best execution; trade reporting; OATS reporting, books and records; and other trading rules. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the OTC Reporting Facility, for transactions in reportable securities, the correct symbol indicating whether transactions were a buy, sell, sell short, or cross; the contra side executing broker; the correct security identification; and the correct symbol indicating whether the firm executed a transaction in a principal or agency capacity. The findings stated that the firm incorrectly reported to the OTC Reporting Facility the contra capacity as "principal" when the contra capacity should have been reported as "agency" for transactions in reportable securities. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and SEC or FINRA rules addressing order handling, best execution, trade reporting, OATS reporting, books and records, and other trading rules. (FINRA Case #2007008360401)

Carr Securities Corporation (CRD #1404, Port Washington, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$16,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the cancellation of previously submitted trades to the Trade Reporting Facility (TRF) and the OTC Reporting Facility, and executed a short sale transaction and failed to report the transaction to the TRF with a short sale modifier. The findings stated that the firm incorrectly reported the second leg of a "riskless" principal transaction in a designated security to the OTC Reporting Facility because it incorrectly designated the capacity of the transaction as "principal"; failed to submit to the OTC Reporting Facility for the offsetting, "riskless" portion of a "riskless" principal transaction in a designated security, either a clearing-only report with a capacity indicator of "riskless principal" or a non-tape, non-clearing report with a capacity indicator of "riskless principal"; and incorrectly reported a trade as "riskless" principal that was not a "riskless" principal trade. The findings also stated that the firm failed to preserve, for a period of not less than three years, the first two in an accessible place, brokerage order memoranda. FINRA also found that the firm failed to show on brokerage order memoranda the entry time, the execution time, the correct entry time, and whether an order was a market or limit order. The findings also included that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions; that transactions were executed at an average price; and on one occasion, incorrectly disclosed that a transaction was executed at an average price. (FINRA Case #2006004503401)

Domestic Securities, Inc. (CRD #34721, Montvale, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$15,000 and required to revise its written supervisory procedures regarding firm personnel registration and supervisory qualifications, short sales trade report input and order marking, short sale locates and OATS. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in eligible securities to the NMC. The findings stated that the firm accepted reports of transactions in eligible securities in the NMC that did not reflect the correct symbol indicating whether it acted in a principal or agency capacity. The findings also stated that the firm incorrectly reported a clearing-only or non-tape, non-clearing report to the NMC because it incorrectly designated transactions in OTC equity securities as offsetting, “riskless” portions of “riskless” principal transactions when the transactions should have been media reported as principal transactions instead. The findings also included that the firm incorrectly reported the second leg of “riskless” principal transactions in designated securities to the OTC Reporting Facility because it incorrectly designated the capacity of the transactions as “principal.” FINRA found that the firm failed to report the correct execution time to the OTC Reporting Facility in last sale reports of transactions in OTC equity securities. FINRA also found that the firm failed to report to the OTC Reporting Facility the correct symbol indicating whether it executed transactions in OTC equity securities in a principal or agency capacity; and failed to report, or timely report, the cancellation of previously submitted trades. In addition, FINRA determined that the firm incorrectly designated last sale reports of transactions in designated securities as “.W” to the TRF. Moreover, FINRA found that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules regarding firm personnel registration and supervisory qualifications, short sales trade report input and order marking, short sale locates and OATS. **(FINRA Case #2006005871801)**

Douglas Financial LLC (CRD #119302, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to establish, maintain and enforce a reasonable supervisory system to achieve compliance with FINRA rules governing the review of email correspondence, in that the firm allowed its registered representatives to use third-party email systems without enforcing a system to audit or review the emails on a systematic basis. The findings stated that the firm used electronic storage media and failed to notify FINRA of its use as required by SEC rules. **(FINRA Case #2007007252801)**

E*Trade Capital Markets LLC (CRD #111528, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$100,000 and required to revise its supervisory procedures regarding OATS reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it implemented desks that employed an automated proprietary trading strategy that routed certain orders to other market centers for execution. The findings stated that the firm failed to submit all orders the proprietary

trading desks received and handled to OATS. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. (FINRA Case #2008013156801)

Euro Pacific Capital, Inc. (CRD #8361, Darien, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$14,500 and required to revise its written supervisory procedures regarding trade reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed, within 90 seconds after execution, to transmit last sale reports of transactions in OTC equity securities that it was required to report to the OTC Reporting Facility. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning trade reporting. (FINRA Case #2007008288501)

First American Capital and Trading Corporation (CRD #118812, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$22,500 and required to revise its written supervisory procedures regarding soft dollars and trading; SEC Rule 605; trading rules addressing backing away and locked/crossed markets; OATS reporting; trade reporting; supervisory system, procedures and qualifications; order handling; best execution; short sale transactions; and multiple MPIDs. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to display immediately customer limit orders in NASDAQ securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each security and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each security. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, in that the firm did not use the correct account type code. The findings also stated that the firm failed to make available a report for each calendar month on the covered orders in National Market securities (NMS) stocks that it received for execution. The findings also included that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or SEC and FINRA rules addressing quality of market topics. FINRA found that the firm's written supervisory procedures failed to provide for minimum requirements in soft dollars and trading; SEC Rule 605; trading rules addressing backing away and locked/crossed markets; OATS reporting; trade reporting; supervisory system, procedures and qualifications; order handling; best execution; short sale transactions; and multiple MPIDs. (FINRA Case #2006004295101)

Institutional Securities Corporation (CRD #20291, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$12,500 and required to revise its written supervisory procedures regarding MSRB Rule G-14. Without admitting or denying the findings, the firm consented to the described

sanctions and to the entry of findings that it failed to report information regarding purchase and sale transactions affected in municipal securities to the Real-time Transaction Reporting System (RTRS) in the manner prescribed by Rule G-14 RTRS Procedures and the RTRS Users Manual. The findings stated that the firm failed to report information about such transactions within 15 minutes of time of trade to an RTRS Portal. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning reports of sales and purchases. **(FINRA Case #2008012832201)**

Jefferies & Company, Inc (CRD #2347, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$25,000 and required to revise its written supervisory procedures concerning quotation and trading activity at or near the close of the trading day. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its written supervisory procedures identified a trading manager with overall responsibility for proprietary trading of securities on the OTC Bulletin Board (OTCBB) and the Pink Sheets to ensure that firm traders honored their posted quotations. The findings stated that the firm's procedures stated that the trading manager should review executions to ensure that transactions were not effected to mark the close but the trading manager was not performing these supervisory responsibilities nor had the manager effectively delegated the responsibilities to any other principal at the firm. The findings also stated that the firm failed to establish a supervisory system reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules because no registered principal was carrying out the supervisory responsibilities concerning quotation and trading activity at or near the close of the trading day on the OTCBB and Pink Sheet desk. **(FINRA Case #2005001265801)**

Leumi Investment Services Inc. (CRD #105387, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$12,500 and required to revise its written supervisory procedures regarding trade reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information concerning the contra party identifier regarding inter-dealer transactions effected in municipal securities to the RTRS. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning trade reporting. **(FINRA Case #2008012091601)**

Liberty Partners Financial Services, LLC (CRD #130390, Bakersfield, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit required information to OATS. The findings stated that the firm failed to enforce its written supervisory procedures that specified that its designated principal would conduct daily reviews of the OATS Web site for checks of its OATS submissions but the firm failed to conduct the Web site checks. **(FINRA Case #2007011233201)**

Newbridge Securities Corporation (CRD #104065, Fort Lauderdale, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$27,500 and ordered to pay \$17,345, plus interest, in restitution to public customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry in findings that in transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. The findings stated that the firm failed to submit required information to OATS; incorrectly submitted route reports instead of execution reports to OATS; and failed to submit the execution reports with a code to indicate that the transactions were executed as “riskless” principal. The findings also stated that when the firm acted as principal for its own account, it failed to provide written notification to its customers that the charge to the customers was a commission equivalent rather than a commission and, on one occasion, failed to provide written notification disclosing the correct reported trade price to its customer. The findings also included that the firm failed to show the correct execution time, entry time, correct order receipt time, and correct account identifier on brokerage order memoranda. FINRA found that the firm executed short sale transactions and failed to properly mark the firm’s ledger as short for the transactions. FINRA also found that the firm failed to preserve for a period of not less than three years, the first two in an accessible place, brokerage order memoranda and confirmations for the purchase and sale of a security and a copy of the notice of all other debits and credits for securities and other items for a customer’s account. **(FINRA Case #2006006351401)**

Spike Financial Services, LLC (CRD #112193, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures regarding, SEC Rules 200(g) (order marking requirements) and 203(b)(1) (locate requirements). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account without borrowing the security or entering into a *bona fide* arrangement to borrow the security or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and without documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. The findings stated that the firm’s supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and SEC rules concerning SEC Rules 200(g) (order marking requirements) and 203(b)(1) (locate requirements). **(FINRA Case #2005001577501)**

Statetrust Investments Inc. (CRD #104651, Miami, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory proceedings regarding TRACE reporting rules. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to TRACE transactions in TRACE-eligible securities within 15 minutes of the time of execution it was required to report; and failed to report to TRACE the correct time of trade execution for transactions in TRACE-eligible securities. The findings stated that the firm’s supervisory

system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning TRACE reporting rules. **(FINRA Case #2006006160101)**

Susquehanna Capital Group (CRD #29337, Bala Cynwyd, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accept or decline in the NASD/NASDAQ TRF transactions in reportable securities within 20 minutes after execution that the firm had an obligation to accept or decline in the TRF. **(FINRA Case #2007008050901)**

TD Ameritrade Clearing Inc. (CRD #5633, Bellevue, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted short sale orders in an equity security from another person, or effected short sales in an equity security for its own account, without borrowing the security or entering into a *bona fide* arrangement to borrow the security or having reasonable grounds to believe the security could be borrowed so that it could be delivered on the date delivery is due; and without documenting compliance with SEC Rule 203(b)(1) of Regulation SHO. **(FINRA Case #2005002040101)**

Tocqueville Securities L.P. (CRD #26001, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures regarding TRACE reporting rules. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE that it was required to report within 30 minutes of the time of execution. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning TRACE reporting rules. **(FINRA Case #2005002037101)**

Tripp and Company, Inc. (CRD #6967, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$24,000, \$5,000 of which was jointly and severally. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not have an adequate email retention system to preserve emails sent or received by registered representatives as required by SEC Rule 17a-4. The findings stated that the firm failed to fully comply with the Firm Element of FINRA's Continuing Education requirements in that, acting through an individual, it failed to develop a written training plan and to maintain records documenting the completion of its continuing education program by covered registered persons. **(FINRA Case #2007007232201)**

Wachovia Securities, LLC (CRD #19616, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted an individual to manage its

advisory services group without being properly licensed as a general securities principal (GP) and to supervise its equity research analysts without being properly licensed as a research principal (RP). The findings stated that the firm failed to enforce its procedures requiring its associated persons who function as principals to be properly registered as such. **(FINRA Case #2007010115401)**

Westminster Securities Corporation (CRD #6105, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to properly process orders for equity securities, resulting in the following errors: the firm executed short sale orders while failing to properly mark the orders as short; failed to report to the NASD/NASDAQ TRF the correct symbol indicating whether executed transactions were a buy, sell, sell short or cross for transactions in reportable securities; and failed to report to the TRF the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity. **(FINRA Case #2006006127601)**

Individuals Barred or Suspended

Omar Sharif Amanat (CRD #2710334, Associated Person, New York, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Amanat willfully and repeatedly failed to update his Uniform Applications for Securities Industry Registration or Transfer (Forms U4) to disclose material information, and failed to respond to FINRA requests for information. **(FINRA Case #E102004094501)**

Brian Douglas Anderson (CRD #2283955, Registered Representative, Ordell, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Anderson consented to the described sanction and to the entry of findings that he entered into an impermissible arrangement to have an employee of a bank with which his member firm had a contractual networking agreement to purchase pre-initial public offering (IPO) shares of the bank on Anderson's behalf when he knew he was not qualified to purchase the shares. The findings stated that Anderson engaged in this conduct in contravention of a subscription agreement and without informing his member firm of the arrangement or his purchase. The findings also stated that Anderson failed to respond to FINRA requests for information and documents. **(FINRA Case #2007010981201)**

Michael Bahar (CRD #5136334, Registered Representative, Tel Aviv, Israel) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bahar consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request to appear for an on-the-record interview. **(FINRA Case #2007008158201)**

William Ross Barto (CRD #1077607, Registered Principal, Hockessin, Delaware) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Barto consented to the described sanction and to the entry of findings that he recommended securities transactions to public customers without having reasonable grounds for believing that the transactions were suitable based on the customers' financial situations and needs. The findings stated that Barto failed to inform customers that the recommended equity indexed annuity was not approved for sale in the customers' state of residence and, in completing the paperwork for the transactions, falsified the location where the customers signed the paperwork. The findings also stated that Barto failed to respond to FINRA requests for information and documents and failed to appear for a FINRA on-the-record interview. **(FINRA Case #2006004352401)**

Shepard Roy Becker (CRD #2084248, Registered Representative, Rowley, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Becker consented to the described sanction and to the entry of findings that he failed to appear for a FINRA on-the-record interview. **(FINRA Case #2007009785901)**

Chris Theron Bond (CRD #5305454, Associated Person, Santa Fe, New Mexico) submitted an Offer of Settlement in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Bond's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Bond consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4. The findings stated that Bond failed to timely respond to FINRA requests for information.

The suspension is in effect from November 3, 2008, through November 2, 2010. **(FINRA Case #2007008605101)**

Christopher James Bray (CRD #4686857, Registered Representative, Hampton, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bray consented to the described sanction and to the entry of findings that he submitted inaccurate expense reports to his member firm requesting reimbursement of \$450 for more people than actually attended seminars he conducted. **(FINRA Case #2007008699501)**

Wayne Anthony Bulls (CRD #4677627, Registered Representative, Silver Spring, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bulls consented to the described sanction and to the entry of findings that he misused \$400,000 received for investment purposes from about 19 persons, including several customers of his employer member firm, by depositing the funds into his personal account, commingling their funds with his personal funds. The findings stated that Bulls transferred substantial amounts of the investors' funds to a

securities account he maintained in his name through which he engaged in short-term securities trading that resulted in substantial net realized losses. The findings also stated that Bulls used some of the funds received from investors to pay back other investors who asked their funds to be returned and used some of the funds for his personal benefit. **(FINRA Case #2008012130101)**

Susan Marie Capozzoli (CRD #729365, Registered Representative, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for four months. The fine must be paid either immediately upon Capozzoli's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Capozzoli consented to the described sanctions and to the entry of findings that she willfully failed to disclose material information on her Forms U4.

The suspension is in effect from October 20, 2008, through February 19, 2009. **(FINRA Case #2007009428701)**

Peter Morley Coghill (CRD #1356597, Registered Representative, Bear, Delaware) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for 10 business days. In light of Coghill's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Coghill consented to the described sanction and to the entry of findings that, on a public customer's behalf, he placed a phone call to an insurance company's customer service call center misrepresenting himself as the customer.

The suspension was in effect from October 20, 2008, through October 31, 2008. **(FINRA Case #2007009352801)**

John Christopher Correro (CRD #3179667, Registered Representative, Madison, Mississippi) was fined \$7,110 and suspended from association with any FINRA member in any capacity for 90 days. The National Adjudicatory Council (NAC) imposed the sanctions following appeal of an Office of Hearing Officers (OHO) decision. The sanctions were based on findings that Correro caused his member firm's books and records to contain inaccurate information about certain customers selling Class B and C mutual fund shares by entering sales charge waivers for those customers by erroneously representing that they were disabled. The findings stated that Correro's actions were to benefit the customers and not to enrich himself.

The suspension is in effect from October 6, 2008, through December 29, 2008. **(FINRA Case #E102004083702)**

Chastity Couvertier (Unregistered, Associated Person, Bayamon, Puerto Rico) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Couvertier consented to the described sanction and to the entry of findings that she converted \$7,000 of public customers' funds without their authorization or consent by drafting a Letter of Agreement (LOA) that caused an unauthorized check to be drawn on the

customers' joint account. The findings stated that the check was issued to, and cashed, by Couvertier's husband who happened to have the same surname as the customers. The findings also stated that Couvertier transferred \$1,000 from the customers' joint account to her relative's account without the customers' prior consent or authorization. **(FINRA Case #2007009451501)**

Daniel James Covino (CRD #1100154, Registered Representative, West Seneca, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Covino's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Covino consented to the described sanctions and to the entry of findings that he pre-dated and submitted a disclosure document to his member firm, falsely representing that he had completed the document timely.

The suspension is in effect from November 3, 2008, through May 2, 2009. **(FINRA Case #2007010583801)**

Cheryl Simone Eaton (CRD #2028154, Associated Person, Richmond, Virginia) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Eaton failed to respond to FINRA requests for information. The findings stated that Eaton willfully failed to disclose material information on her Form U4.

The NAC has denied Eaton's request for a late appeal as result of her failure to respond to its request for information. **(FINRA Case #2007009838001)**

Morton Bruce Erenstein (CRD #201845, Registered Representative, Boca Raton, Florida) was suspended from association with any FINRA member in any capacity for one year. The SEC affirmed the NAC's decision following appeal of an OHO decision. The sanction was based on findings that Erenstein failed to respond to a question during a FINRA on-the-record interview and failed to timely respond to a FINRA request for information.

The suspension is in effect from January 22, 2008, through January 21, 2009. (The U.S. Court of Appeals denied Erenstein's petition for review.) **(FINRA Case #C9B20040080)**

Roger Charles Faubel (CRD #1233851, Registered Principal, Canfield, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Faubel consented to the described sanctions and to the entry of findings that he purchased shares of mutual funds totaling \$25,000 in a public customer's account without the customer's knowledge and consent and in the absence of written or oral authorization to exercise discretion in the account.

The suspension was in effect from November 3, 2008, through November 14, 2008. **(FINRA Case #2007010948401)**

Kathleen Patricia Faulhaber (CRD #3069239, Registered Representative, Depew, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or

denying the findings, Faulhaber consented to the described sanction and to the entry of findings that she received a loss settlement check for \$7,745.38 from an insurance company in connection with an automobile accident. The findings stated that Faulhaber had an outstanding balance on a bank loan secured by the damaged automobile so the check was made payable to Faulhaber and the bank where she was also employed. The findings also stated that Faulhaber did not endorse the check and turn it over to the bank for repayment of the bank loan but, without the bank's authorization or consent, improperly used a bank stamp to endorse the settlement check and converted the proceeds for her own use and benefit. **(FINRA Case #2007010482101)**

Marshall Jerold Field (CRD #834787, Registered Principal, Calabasas, California) was barred from association with any FINRA member in any capacity. The NAC imposed the sanction after upholding Hearing Panel findings that Field had engaged in a pattern of making fraudulent misrepresentations and omitting material facts in recommending the purchase and sale of bonds, executed unauthorized transactions and guaranteed a customer against loss. **(FINRA Case #CMS20040202/2004200001001)**

Roger Dennis Fleming (CRD #1102431, Registered Representative, Murfreesboro, Tennessee) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Fleming failed to respond to FINRA requests for information. **(FINRA Case #2006006603701)**

Ellis Dwayne Freeman Sr. (CRD #4934216, Registered Representative, Fort Washington, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Freeman consented to the described sanction and to the entry of findings that he affixed the public customers' signatures on delivery assurance forms without the customers' authorization or consent, and submitted the forms to his member firm, falsely representing that the customers had received their financial plans. The findings stated that Freeman failed to respond to FINRA requests for information. **(FINRA Case #2007009815001)**

Eduardo Galan (CRD #1096059, Registered Representative, Brockport, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Galan consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, or prior written approval from, his member firm. The findings stated that Galan commingled customer funds with monies not belonging to the customers in a bank account that he controlled. The findings also stated that Galan failed to respond to FINRA requests for information and documents. **(FINRA Case #2007007215101)**

David Joseph Galli (CRD #2271913, Registered Principal, Fair Oaks, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Galli consented to the described sanction and to the entry of findings that he received \$696,590 from public customers intended for investment purposes and misused the

funds. The findings stated that the customers did not receive proof of any investment purchased on their behalf. The findings also stated that Galli made \$83,610 in payments to the individuals, characterized as quarterly dividends, but did not repay the remaining \$612,980 to the individuals. **(FINRA Case #2007009497801)**

Alexandre Pereira Guimaraes (CRD #4971822, Registered Representative, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 30 business days. The fine must be paid either immediately upon Guimaraes' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Guimaraes consented to the described sanctions and to the entry of findings that he engaged in outside business activities, for compensation, without prompt written notice to his member firm.

The suspension is in effect from November 3, 2008, through December 15, 2008. **(FINRA Case #2006006868301)**

Cheryl Ann Howard Hixson (CRD #2474360, Associated Person, Cleveland, Tennessee) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Hixson failed to respond to a FINRA request for information. **(FINRA Case #2007009363801)**

Eddmon Mark Hodge Jr. (CRD #3187403, Registered Representative, St. George, Utah) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Hodge failed to respond to FINRA requests for information and documents. **(FINRA Case #2006003995001)**

Jose Daniel Iriarte Jr. (CRD #4146368, Registered Representative, Severn, Maryland) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Iriarte borrowed \$132,000 from a non-family public customer, contrary to his member firm's written procedures prohibiting registered employees from borrowing money from customers, unless they were family members. The findings stated that Iriarte received \$130,000 from another customer for investment but converted the funds to partially repay his loan. The findings also stated that Iriarte failed to respond to FINRA requests for information. **(FINRA Case #2007010369701)**

Jessica M. Jackson (CRD #4259060, Associated Person, Mt. Pleasant, South Carolina) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Jackson consented to the described sanction and to the entry of findings that she transferred funds from her member firm's account to her account and the accounts of other individuals. The findings stated that Jackson generated unauthorized and fictitious accounting entries in her firm's account to make it appear that the debits to the firm and credits to the other accounts were legitimate and appropriate expenditures by the firm and transferred funds totaling \$2,012.75. The findings also stated that Jackson failed to respond to New York Stock Exchange LLC and FINRA requests for information. **(FINRA Case #2007009421101)**

Thomas Joseph Karem (CRD #264357, Registered Principal, Louisville, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which he was censured, fined \$25,000, which includes disgorgement of \$20,000 in financial gains, suspended from association with any FINRA member in any capacity for 90 days and ordered to pay \$9,000 in restitution. The fine and restitution amounts must be paid either immediately upon Karem's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Karem consented to the described sanctions and to the entry of findings that he borrowed \$30,000 from a public customer and failed to pay any of the owed monies by the specified due date. The findings stated that Karem failed to notify his member firm of the loans contrary to firm policy. The findings also stated that Karem eventually paid \$1,000 to the customer's estate after she passed away but failed to contribute further to the firm's settlement with the estate.

The suspension is in effect from November 17, 2008, through February 16, 2009.
(FINRA Case #2007009420201)

Donald Craig Korkow (CRD #2156222, Registered Representative, Silver City, Iowa) submitted a Letter of Acceptance, Waiver and Consent in which he was censured, fined \$2,500 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Korkow's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Korkow consented to the described sanctions and to the entry of findings that he recommended unsuitable investment strategies to public customers without regard for each customer's investment objectives, investment experience or sophistication. The findings stated that Korkow recommended that the customers exercise their employer-granted stock options and hold the resulting equity securities in large concentrations on margin without having reasonable grounds for believing that the associated margin borrowing was suitable for each of them. The findings also stated that the customers lost a sizable amount of money by pursuing the exercise and hold strategy in concentrated positions while on margin.

The suspension is in effect from November 17, 2008, through February 16, 2009.
(FINRA Case #2007009400901)

Thomas J. Kuba (CRD #4605913, Registered Representative, Port St. Lucie, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Kuba consented to the described sanction and to the entry of findings that without their permission or authorization, he forged public customers' signatures on insurance forms and other documents to accomplish the partial conversion of their term life insurance policies to whole life policies. The findings stated that Kuba failed to respond to FINRA requests for information. (FINRA Case #2007010994101)

Mark Allen Lakers (CRD #4159499, Registered Representative, Gretna, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$10,000

and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Lakers consented to the described sanctions and to the entry of findings that while in charge of a private offering for his member firm, he permitted funds to be released to the issuer prior to the minimum contingency being met, and did not send a timely notice and reconfirmation to investors in order to extend the offering period. The findings stated that Lakers did not set up a proper escrow account for the offering, and allowed the funds in the escrow account to be invested in impermissible investments. The findings stated that Lakers attempted to invest \$100,000 of his own funds in the offering but his capital commitment was not permitted because of certain requirements regarding qualified retirement funds, but his attempted investment was considered in calculating the amount of funds pledged for the fund offering.

The suspension is in effect from November 17 2008, through December 16, 2008.

(FINRA Case #2006007353804)

Daniel Kevin Mennemeyer (CRD #2908642, Registered Representative, Evanston, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mennemeyer consented to the described sanction and to the entry of findings that he used the identification information of an elderly public customer, without her knowledge or approval, to obtain a credit card in the customer's name which he used. The findings stated that Mennemeyer committed credit card fraud in that he used the customer's credit card to pay his business and personal expenses totaling \$11,670, without her knowledge or approval, which he failed to repay. The findings also stated that in response to investigative inquiries by his member firm, Mennemeyer repeatedly lied by claiming a fictitious part-time employee, whom he refused to identify, was responsible. **(FINRA Case #2007011359201)**

Gordon Robert Moore (CRD #4372211, Registered Principal, Longmont, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Moore consented to the described sanction and to the entry of findings that he falsified documents concerning the 401k accounts of public customers, falsely represented the employment status of the account holders, and affixed, without authorization, the signature of a payroll/human resources representative on each of the falsified forms. The findings stated that Moore failed to respond to FINRA requests for information and documents. **(FINRA Case #2007009843401)**

Robert Donald Mudry (CRD #1200820, Associated Person, Ridgewood, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mudry consented to the described sanction and to the entry of findings that while associated with a member firm, he engaged in securities activities requiring registration at a time when he was not registered. The findings stated that Mudry was associated with the member firm while subject to statutory disqualification. The findings also stated that Mudry filed a Form U4 that was inaccurate and misleading and failed to respond to a FINRA request to appear for on-the-record testimony. **(FINRA Case #2006004122401)**

Christopher Dominick O'Connor (CRD #2887894, Registered Supervisor, Hastings, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that O'Connor wrongfully converted funds totaling \$59,590.41 from a public customer's Individual Retirement Account (IRA) and created a false account statement to conceal his conversion. The findings stated that O'Connor signed a customer's name on a Letter of Authorization without the customer's consent, to transfer funds from a minor's trust account to his personal account. **(FINRA Case #20070094401)**

Geoffrey Ortiz (CRD #1808280, Registered Representative, Malibu, California) was barred from association with any FINRA member in any capacity. The SEC sustained the sanction following appeal of a NAC decision. The sanction was based on findings that Ortiz forged, or caused to be forged, customer initials that approved increased fees on public customer account applications, and was responsible for submitting the forged documents to his member firm. The findings stated that Ortiz provided false and misleading information in response to FINRA requests for information and during a FINRA on-the-record interview. **(FINRA Case #E022003042501)**

Matthew J. Pincus (CRD #5249294, Associated Person, North Babylon, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Pincus failed to respond to FINRA requests for information. The findings also stated that Pincus willfully failed to disclose material information on his Form U4. **(FINRA Case #2006007131601)**

Gordon Lee Powers Jr. (CRD #2335716, Registered Representative, Bellevue, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Powers' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Powers consented to the described sanctions and to the entry of findings that he participated in securities transactions without prior written notice to his member firm. The findings stated that Powers engaged in business activity, for compensation, outside the scope of his relationship with his member firm and failed to provide prompt written notice to his firm. The findings also stated that Powers borrowed \$48,000 from public customers contrary to his member firms' written procedures prohibiting borrowing money from firm customers. The findings also included that Powers denied on firm compliance questionnaires being involved in any outside investment opportunities or business activities or that he borrowed money from customers.

The suspension is in effect from November 3, 2008, through November 2, 2010. **(FINRA Case #2006007512201)**

Juan Rios (CRD #5340021, Registered Representative, Bayonne, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rios consented to the described sanction and to the entry of findings that he caused

the issuance of a credit card in the name of a bank customer without the customer's knowledge and used that card to make transactions totaling \$3,056 for his own use and benefit. The findings stated that Rios failed to respond to FINRA requests for information and documents. **(FINRA Case #2007011081001)**

Kier Robinson (CRD #4637694, Registered Representative, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$57,000, which includes disgorgement of \$33,269, and suspended from association with any FINRA member in any capacity for seven months. Without admitting or denying the findings, Robinson consented to the described sanctions and to the entry of findings that he entered priced limit orders in NASDAQ securities for a proprietary account at his member firm into the NASDAQ Market Center at prices intended to impact the pre-opening Best Bid or Offer (BBO) by creating a new inside bid (offer) that was a departure from the previous day's closing price in the securities, knowing that the full price and size of such orders would be reflected in the public quotation system as the best prices and sizes at which a market participant was willing to buy or sell the securities. The findings stated that Robinson induced other market participants to reflect bids (offers) similar to the price of the displayed limit orders, and then intentionally entered non-displayable odd lot limit orders to buy or sell shares of securities into NASDAQ on the opposite side of the market, creating a crossed market with the displayed orders. The findings also stated that Robinson knew that the non-displayed orders would be executed against other market participants' quotations during the pre-opening spin, bought and sold the securities on an automated basis during the pre-opening spin, cancelled most of the displayed limit orders entered into NASDAQ, and sometimes updated the original displayed order with another, cancelling the original order prior to the pre-opening spin. The findings also included that Robinson bought (sold) securities at prices that were lower (higher) than he would have been able but for the entry of his non-*bona fide* orders that resulted in him receiving a financial benefit of \$16,281.86. In addition, FINRA found that Robinson received executions at an improved price in NASDAQ securities, by entering share orders into Electronic Communication Networks (ECN) on one side of the market that improved the inside market, causing another market participant to match the price of the order and improve the execution price of orders he placed on the other side of the market. FINRA also found that Robinson entered orders into one or more ECNs on one side of the market that improved the existing inside market, narrowed the inside spread, inducing other market participants to enter an order at the same price on the same side of the order, repeatedly placed orders that improved the inside market of the stock and canceling the preceding inferior order before entering an order on the other side of the market. In addition, FINRA determined that Robinson intentionally entered contra side orders at the same price of the market improving order to the corresponding ECN, causing a non-*bona fide* transaction to be published by trading with his own order. In addition, the findings included that Robinson bought (sold) securities at prices that were lower (higher) than he would have been able but for the entry of his market improving orders into an ECN that resulted in him receiving a financial benefit of \$16,988 with this trading.

The suspension is in effect from November 3, 2008, through June 2, 2009. **(FINRA Case #2005000174105)**

Noel Andrew Rose (CRD #4564497, Registered Principal, Monroeville, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rose consented to the described sanction and to the entry of findings that he borrowed \$41,500 from public customers in contravention of his member firm's written policies prohibiting registered representatives from borrowing money from customers without disclosure to the firm. The findings stated that Rose failed to repay completely all the loan amounts. **(FINRA Case #2007011011501)**

Michael Joseph Salovay (CRD #2932349, Registered Representative, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for nine months. The fine must be paid either immediately upon Salovay's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Salovay consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Forms U4.

The suspension is in effect from November 3, 2008, through August 2, 2009. **(FINRA Case #2007010185501)**

Dorian K. Saunders (CRD #4577155, Registered Representative, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. In light of Saunders' financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Saunders consented to the described sanction and to the entry of findings that he sent public customers electronic mail from a personal email account, regarding potential currency trading programs and instructed the customers not to send him emails at his member firm's email address or contact him at the firm's office regarding the trading program. The findings stated that the firm's written procedures required that for any correspondence with public customers regarding a personal financial program or financial need, a copy of correspondence must be sent to the representative's supervisor and a copy must be placed in the customer's file. The findings also stated that Saunders did not provide his member firm's supervisor with any emails regarding the currency trading program, nor did he put any emails in the client files. The findings also included that after Saunders separated from the firm, a public customer complained about an investment made with him and it was then that the firm knew about the emails. FINRA found that Saunders failed to respond to FINRA requests for documents and written information. **(FINRA Case # 2007010720401)**

David Stanley Shelton (CRD #1293377, Registered Representative, Knoxville, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000, suspended from association with any FINRA member in any capacity for one month and ordered to pay \$20,000, plus interest, in restitution to a public customer. The fine and restitution must be paid either immediately upon Shelton's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Shelton consented to the described

sanctions and to the entry of findings that he borrowed \$20,000 from a non-family customer without notifying or receiving written approval from his firm regarding the loan and in contravention of the firm's written supervisory procedures prohibiting its registered representatives from borrowing funds from customers unless they are immediate family members.

The suspension was in effect from November 3, 2008, through December 2, 2008.
(FINRA Case #2008012728901)

Timothy Patrick Shively (CRD #1664561, Registered Representative, San Antonio, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Shively consented to the described sanction and to the entry of findings that he made unsuitable recommendations and churned public customers' accounts. The findings stated that Shively willfully failed to disclose material information on his Form U4. The findings also stated that Shively failed to respond to, or appear in response to, FINRA requests for testimony. (FINRA Case #2006006615401)

Donald Everett Smallwood Jr. (CRD #2154135, Registered Representative, Gibsonia, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smallwood consented to the described sanction and to the entry of findings that he received \$40,000 funds from public customers for investment purposes and, instead of investing the funds as promised, misappropriated the money, using some of it to repay other investors and some for his own use and benefit. (FINRA Case #2008013206901)

Brian Keith Snyder (CRD #2022637, Registered Principal, Terre Haute, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Snyder consented to the described sanction and to the entry of findings that a public customer invested \$239,000 in an entity engaged in the trading of various instruments and, following payment of the funds, Snyder caused documents completed in connection with the transactions to indicate that the funds invested in the entity were his, not the customer's. The findings stated that Snyder arranged to have the entity issue him checks totaling \$75,000 without the customer's knowledge, thereby converting the funds to his own use. (FINRA Case #2007008229401)

Robert J. Soper (CRD #5341447, Associated Person, Raleigh, North Carolina) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Soper failed to respond to FINRA requests for information and documents. The findings stated that Soper willfully failed to disclose material information on his Form U4. (FINRA Case #2007009246101)

D. Peter Tipping (CRD #2278762, Registered Representative, Hillsdale, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for five business days. Without admitting or denying the findings, Tipping consented to the

described sanctions and to the entry of findings that he exercised discretion in public customers' accounts without written authorization and without his member firm's acceptance of the accounts as discretionary.

The suspension was in effect from November 17, 2008, through November 21, 2008. **(FINRA Case #2007010925201)**

Samuel Jeffrey Toliver (CRD #5353668, Associated Person, Little Rock, Arkansas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Toliver's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Toliver consented to the described sanctions and to the entry of findings that he willfully failed to disclose material information on his Form U4.

The suspension is in effect from November 17, 2008, through May 16, 2009. **(FINRA Case #2007010057001)**

Malcolm Alphonso Turner II (CRD #2604387, Registered Representative, Canton, Michigan) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Turner failed to respond to FINRA requests for information. The findings stated that Turner borrowed \$75,000 from a public customer contrary to his member firm's written supervisory procedures prohibiting borrowing money from customers, and failed to disclose the loan on his firm's annual compliance questionnaire. The findings also stated that Turner failed to respond truthfully to firm personnel when questioned about the loan. **(FINRA Case #2007008061701)**

Michael Valerio Jr. (CRD #2694629, Registered Representative, Milford, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Valerio consented to the described sanction and to the entry of findings that he was the broker of record on a public customer's account while at a member firm and, after changing employment and becoming registered through another member firm, Valerio forged the public customer's signature on account transfer forms and submitted them to the firm because the customer did not intend to transfer her brokerage account to the new firm. **(FINRA Case #2008012143901)**

Flavio Guido Varone (CRD #1204320, Registered Representative, Chesterland, Ohio) was barred from association with any FINRA member in any capacity and ordered to pay \$17,866.51, plus interest, in restitution. The sanctions were based on findings that Varone received \$17, 866.51 from a public customer to open a trust account for the customer's relative and failed to open the account as instructed. The findings stated that Varone received \$236,937 from another customer to purchase a fixed annuity, but failed to do so. The findings also stated that Varone deposited funds from his bank account into the customer's to give the impression that the customer was receiving

at least some of the payments anticipated from the purported purchase of the fixed annuity. The findings also included that Varone's conduct violated his member firm's policies prohibiting representatives from holding customer funds and commingling or depositing them in a representative's account. In addition, FINRA found that Varone failed to respond to FINRA requests for information. **(FINRA Case #2006007101701)**

Jack Barnes Vasconcellos (CRD #2749202, Registered Representative, Canyon Lake, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vasconcellos consented to the described sanction and to the entry of findings that he received funds totaling \$127,907.75 from individuals to purchase fixed annuity investments and, without the individuals' knowledge or consent, deposited the funds into his business bank account for his own personal use. The findings stated that Vasconcellos kept the funds for over four years and then repaid the individuals \$137,433, which included the return of their investment principal plus earned interest. The findings also stated that Vasconcellos prepared fictitious documents related to the individuals' purported investments in fixed annuity policies to conceal his improper use of the funds. The findings also included that Vasconcellos failed to respond to FINRA requests for information or documents and to appear for an on-the-record interview. **(FINRA Case #2007011325401)**

Brantley Sewell Wise (CRD #2279645, Registered Representative, Moncks Corner, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Wise's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Wise consented to the described sanctions and to the entry of findings that he engaged in outside business activities and failed to give prompt written notice to either his member firm or an affiliated insurance company. The findings stated that Wise also completed a firm outside business activity disclosure statement in which he represented that he was not involved in selling annuities of other companies, and signed an annual certification statement acknowledging that he understood he must first receive permission from his member firm prior to engaging in any outside business activity.

The suspension is in effect from November 3, 2008, through February 2, 2009. **(FINRA Case #2007011365201)**

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Richard M. Berteletti Jr. (CRD #2508308, Registered Representative, Brooklyn, New York) was named as a respondent in a FINRA complaint alleging that he engaged in securities transactions without the public customer's authorization or consent and without having discretionary authority. The complaint alleges that Berteletti created and sent an account summary that was false and misleading to the customer, in that it included equity positions that had already been sold and an option position that never existed. The complaint also alleges that Berteletti verbally misrepresented the customer's cash position. The complaint further alleges that Berteletti settled a customer complaint away from his member firm and failed to respond to FINRA requests for information. **(FINRA Case #2007011310001)**

Christopher John Brunert (CRD #3055225, Registered Representative, Kings Park, New York) was named as a respondent in a FINRA complaint alleging that he fraudulently obtained a public customer's signature on a blank transfer form and used the form to wire \$100,000 from the customer's account at his member firm to a bank account belonging to Brunert's relative, and then transferred the funds to a bank account Brunert controlled to pay his credit card debts and other expenses. The complaint also alleges that Brunert failed to appear for a FINRA on-the-record interview and respond to requests for information. **(FINRA Case #2008012476701)**

Robert A. Clipper (CRD #5109047, Registered Representative, Bay City, Michigan) was named as a respondent in a FINRA complaint alleging that he accepted cash payments from insurance customers to pay insurance premiums and used the cash totaling \$5,000 for purposes other than how the customers intended he use them, including paying bills incurred at his insurance agency office. The complaint alleges that in order to replace the cash, Clipper took other insured's checks or cash payments and applied them to the missing cash amounts. The complaint also alleges that Clipper failed to respond completely to FINRA requests for information. **(FINRA Case #2007009785301)**

Fred Ralph Schwartz (CRD #1405861, Registered Representative, Los Angeles, CA) was named as a respondent in a FINRA complaint alleging that he engaged in excessive and unsuitable trading in the accounts of public customers. **(FINRA Case #2006004795101)**

John Carl Wils (CRD #2786354, Registered Representative, East Moline, Illinois) was named as a respondent in a FINRA complaint alleging that he received \$8,129 from public customers intended for investment and insurance coverage payments, and deposited the funds into his personal bank account for his benefit and not for the customers' benefit, without the customers' knowledge and consent. The complaint alleges that Wils submitted a written request to his member firm's insurance affiliate with a customer's forged signature to change her address to a post office box in Wils' name, received a \$5,000 check payable to the customer, endorsed the check with his and the customer's names and deposited the check into his account, without the customer's knowledge and consent. The complaint also alleges that Wils failed to respond to FINRA requests for information and documents, and failed to appear for an on-the-record interview. **(FINRA Case #2006005281301)**

**Firms Expelled for Failure to Pay
Fines and/or Costs Pursuant to
NASD Rule 8320**

Arjent Ltd.
New York, New York
(October 6, 2008)

Evolution Financial Technologies, LLC
Iselin, New Jersey
(October 3, 2008)

Redwood Securities Group, Inc.
San Francisco, California
(October 30, 2008)

**Firms Expelled for Failure to Supply
Financial Information Pursuant to
NASD Rule 9553**

Centreinvest, Inc.
New York, New York
(October 2, 2008)

Hunting Party Securities, Ltd.
Stamford, Connecticut
(October 20, 2008)

L. Dwight Searcy
Naples, Florida
(October 30, 2008)

River Capital Markets, LLC
Bloomfield Hills, Michigan
(October 30, 2008)

Westland Securities, LLC
Scottsdale, Arizona
(October 17, 2008)

**Firms Suspended for Failure to Supply
Financial Information Pursuant to
NASD Rule 9552**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

BCS Placements, LLC
New York, New York
(October 14, 2008 – November 10, 2008)

**Individuals Revoked for Failing to Pay
Fines and/or Costs Pursuant to NASD
Rule 8320**

Marie Laurence Clerge
Wellington, Florida
(October 3, 2008)

Jeremy Tice Cundiff
Evansville, Indiana
(October 31, 2008)

Mark Bennett Haiken
Franklin Square, New York
(October 20, 2008 – November 7, 2008)

David Allen Kecskes
Cincinnati, Ohio
(October 7, 2008)

Robert Franklyn Malin
New York, New York
(October 15, 2008)

Michael Kit Yong Yap
San Francisco, California
(October 20, 2008)

**Individuals Barred Pursuant to
NASD Rule 9552(h)**

(If the bar has been vacated,
the date follows the bar date.)

Robert Joseph Alaniz
Glendale, Arizona
(October 6, 2008)

Niteen Chandra Bhattacharyya
Maple Grove, Minnesota
(October 14, 2008)

Robert Quincy Brown
Jacksonville, Florida
(October 3, 2008)

Mark Francis Healey
New York, New York
(October 6, 2008)

John Thomas Sadowski Jr.
Daytona Beach, Florida
(October 6, 2008)

Erica D. Smith
Granville, Ohio
(October 6, 2008)

**Individuals Suspended Pursuant to
NASD Rule 9552(d)**

(The date the suspension began is
listed after the entry. If the suspension
has been lifted, the date follows the
suspension date.)

Elijah Dean Bennett
Tampa, Florida
(October 14, 2008)

Scott Alan McLaughlin
Zionsville, Indiana
(October 31, 2008)

Jeffrey Paul Shipman
Paxton, Massachusetts
(October 6, 2008)

David Scott Sutton
Somerset, Kentucky
(October 9, 2008)

Keith Andrew Wetteland
Aurora, Illinois
(October 10, 2008)

**Individuals Suspended Pursuant to
NASD Rule Series 9554 for Failure to
Comply with an Arbitration Award or
Settlement Agreement**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Leighton David Applefeld
Delray Beach, Florida
(October 17, 2008)

Albert Tommie Carazolez
Chula Vista, California
(October 10, 2008)

Michael Wayne Cole
Casselberry, Florida
(October 10, 2008)

Ernest Philip Elam
Austin, Texas
(October 10, 2008)

Andy John James
Scottsdale, Arizona
(October 10, 2008)

Mark Douglass Kyle
Oakland, Maryland
(October 10, 2008)

Johan W. Leffler
Stamford, Connecticut
(October 24, 2008)

Kurt Yasin Muller
Las Vegas, Nevada
(October 7, 2008)

FINRA Fines SunTrust Investment Services \$700,000 for Fee-Based Account and Excessive Commission Violations

Firm Also Required to Certify Voluntary Refunds of \$713,362 to Customers

The Financial Industry Regulatory Authority (FINRA) has fined SunTrust Investment Services, Inc., \$700,000 for supervisory violations relating to its fee-based brokerage business and to commissions on certain low-priced stocks. In assessing the fine announced today, FINRA took into account SunTrust's voluntary refunding of more than \$713,000 in fees and interest to affected accountholders.

Fee-based brokerage accounts first became available in 1999 as a result of a proposed Securities and Exchange Commission (SEC) rule that exempted brokers from certain elements of the Investment Advisors Act of 1940. In March 2007, a federal court struck down the final version of that SEC rule - and since then, fee-based accounts have become obsolete. SunTrust terminated its fee-based accounts—called Portfolio Choice accounts—on Dec. 31, 2006.

Typically in fee-based brokerage accounts, customers were charged an annual fee that was usually a percentage of the assets in the account with an annual minimum, rather than a commission for each transaction as in a traditional brokerage account. Firms were required to determine whether a fee-based account was appropriate for an investor based on the projected cost to the investor, whether alternative fee structures were available, the services provided and the investor's fee structure preferences. Compensation earned by the firm and the broker from fee-based accounts was generally not dependent on whether a customer bought or sold securities.

"Firms that offered fee-based brokerage services had an obligation to do so using supervisory systems that were specifically designed for such business activities," said Susan L. Merrill, FINRA Executive Vice President and Chief of Enforcement. "SunTrust's former program was yet another example of a firm that failed to put in place supervisory systems designed to ensure that its fee-based account was appropriate for the customers it placed in the program. In addition, SunTrust also failed to monitor these accounts to ensure that they remained appropriate for the customers who opened them."

FINRA found that during the period from November 2002 through December 2005, SunTrust opened over 2,644 Portfolio Choice accounts without adequately assessing whether the accounts were appropriate for its customers. SunTrust further failed to adequately monitor the activity in the Portfolio Choice accounts to ensure that they remained appropriate for its customers. FINRA identified at least 36 Portfolio Choice accounts that conducted no trades for at least eight consecutive quarters—and those 36 accounts were charged over \$129,000 in fees during the last four inactive quarters.

In addition, certain Portfolio Choice accountholders paid both a commission on transactions and an asset-based fee on those same assets. In more than 900 instances, SunTrust erroneously failed to exclude a customer asset purchased with a commission from the asset base used to calculate the account fee. In these cases, the customers

were double-charged, as they paid both a commission on the transaction as well as an ongoing fee on the asset. The double charges resulted in approximately \$437,500 in excess fees and/or commissions paid by SunTrust customers.

FINRA also found that SunTrust inappropriately allowed numerous customers to maintain accounts in the program and to pay for those accounts even though they had not traded in years. For example, in December 2003 one customer transferred to SunTrust an account in which there had been no trading activity for almost two years and set up a Portfolio Choice fee-based account. There was no trading activity in this account through March 2006, yet during that period the firm charged the account approximately \$8,170 in asset-based fees. In another example, a customer transferred an IRA account to SunTrust in November 2003. This account was set up as a Portfolio Choice fee-based account. From November 2003 through January 2006, the account had no trading activity, but the customer was charged \$8,672 in fees from its inception until March 2006.

During the period from Jan. 1, 2002, through Sept. 2, 2005, SunTrust also failed to establish a supervisory system, including written procedures, reasonably designed to ensure that its registered representatives charged its customers fair and reasonable commissions on securities transactions. SunTrust employed an automated commission system that allowed commissions over five percent to be charged when low-priced and/or low quantities of stocks were bought or sold. As a result, certain customers were charged excess commissions totaling nearly \$100,000.

In settling this matter, the firm neither admitted nor denied the charges, but consented to the entry of FINRA's findings. Under the terms of the settlement, SunTrust agreed to certify to FINRA that it has refunded \$713,362 in fees and interest to affected accountholders.

FINRA Fines Banorte Securities International \$1.1 Million for Improper Sales of Class B Mutual Fund Shares

Firm to Offer Remediation to More than 300 Customers in Over 1,400 Transactions

FINRA has imposed a \$1.1 million fine on Banorte Securities International, Ltd. for unsuitable sales of Class B shares in off-shore mutual funds as well as failing to have adequate supervisory systems to monitor those sales.

As part of this settlement, the firm agreed to a remediation plan that will address over 1,400 transactions in the accounts of more than 300 customer households. Banorte Securities International, which is headquartered in New York, is part of an affiliated group of companies that includes a Mexican broker-dealer and a Mexican bank. The majority of the firm's customers live in Mexico.

"Firms have a suitability obligation to consider all relevant factors when recommending mutual fund investments to customers, whether those customers live inside or outside of the United States. That means that firms must consider all available share classes

and pricing features in determining what is most advantageous to the customer,” said Susan L. Merrill, Executive Vice President and Chief of Enforcement. “Banorte Securities International failed to ensure that their sales force and customers understood the impact that share class pricing had on investment performance. As a result, customers often missed the opportunity to take advantage of the lower costs available with Class A shares.”

In recommending the purchase of mutual funds, off-shore or domestic, a firm must determine the suitability of the class of shares to be purchased as well as the suitability of the particular fund. Primary considerations for share class suitability include the investment amount, the expected term of the investment, the applicable sales loads, fees and expenses associated with each class of shares. These factors affect the total return on the investment to the customer.

Mutual funds have different classes of shares representing interests in the same portfolio of securities, but differing in the structure and amount of sales charges paid directly by shareholders as well as the continuous, assets-based fees assessed on each shareholder’s investment. Class A shares generally charge a front-end sales charge and impose on-going asset-based fees that are generally lower than the asset-based fees imposed by Class B shares. Class B shares typically do not charge a front-end sales charge, but they do impose asset-based fees that are generally higher than those associated with Class A shares. Class B shares also impose a declining contingent deferred sales charge for a period of time.

FINRA found that Banorte Securities International recommended Class B shares of off-shore mutual funds to its customers in certain transactions where the customers would have financially benefited from purchasing Class A shares - particularly since the firm had negotiated lower front-end sales charges for off-shore mutual fund Class A shares with several mutual fund companies. FINRA further found that the firm’s written policies and procedures did not require its registered representatives to weigh the economic consequences of purchasing different share classes or to explain those consequences to customers. Moreover, Banorte Securities failed to provide guidelines that instructed registered representatives that Class A share off-shore mutual fund purchases eligible for these low front-end loads were generally cheaper for customers than Class B shares.

During 2003 through May 2004, most mutual fund sales at Banorte Securities were in Class B shares, despite the fact that the low front-end loads available to the firm’s customers meant that an investment in Class A shares generally yielded a higher return than a similar investment in the Class B shares.

The firm settled this matter without admitting or denying the allegations, but consented to the entry of FINRA’s findings.

J.P. Turner Fined \$250,000 for Failing to Supervise Commissions Charged on Stock Trades

The Financial Industry Regulatory Authority (FINRA) has imposed a \$250,000 fine against J.P. Turner & Company, LLC of Atlanta, GA, for failing to have an adequate supervisory system designed to ensure that its registered representatives charged customers fair and reasonable commissions on stock trades.

As part of the settlement, FINRA ordered J.P. Turner to retain, at its own expense, an independent consultant to conduct a comprehensive review of the adequacy of the firm's policies, systems, procedures, and training relating to FINRA's Fair Pricing Rule.

"In order to establish a fair commission or mark-up, brokers must take into consideration all of the relevant circumstances and not just whether the commission is below a certain percentage of the total price of the transaction," said Susan Merrill, FINRA Executive Vice President and Chief of Enforcement. "In this case, J.P. Turner allowed its brokers to charge commissions of up to 4.5% on almost every stock trade without regard to the circumstances, such as the size of the transaction, the cost of executing the order, or whether the securities were readily available in the market."

FINRA requires firms to implement a system and reasonable procedures to ensure that customers are fairly charged for transactions, taking into consideration all relevant factors. FINRA's mark-up policy lists seven factors for firms to consider: the type of security involved; the availability of the security in the market; the price of the security; the size of the transaction; disclosure to the customer; the pattern of the firm's mark-ups; and, the nature of the firm's business.

FINRA found that between January 2002 and March 2005, J.P. Turner's supervisory system and written procedures failed to take these factors into account and failed to provide adequate guidance to its registered representatives to determine a fair commission or mark-up on equity securities transactions.

FINRA found that under J.P. Turner's system and procedures, representatives had discretion to establish the commission on such transactions, limited only by whether the price of the security was above or below \$25 per share. On all equity securities transactions in which the price of the security was below \$25, registered representatives were allowed to charge up to 4.5%, while they could only charge up to 3.5% if the price of the security was above \$25. During the review period, 91% of the firm's equity securities transactions involved securities priced below \$25 per share.

J.P. Turner's trading manager was responsible for reviewing and approving trades for fair and reasonable charges. Those reviews, however, were limited to reviewing the transactions to ensure that the commissions charged did not exceed the firm's 3.5% and 4.5% guidelines.

In concluding this settlement, J.P. Turner neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

